

MEMO

DATE: June 7, 2007

TO: Transportation and Communications Committee

FROM: Annie Nam, Program Manager, (213)236-1827, nam@scag.ca.gov

SUBJECT: 2007/2008 RTP Baseline Revenue Forecast

BACKGROUND:

Over the past few months, SCAG staff has been working with System Metrics Group to develop the region's baseline revenue forecast for the 2007/2008 RTP. Staff will provide an overview of the current baseline revenue model and discuss some of the underlying economic/growth assumptions for various transportation revenue sources. This draft baseline revenue forecast focuses on existing revenue sources, including local, state, and federal categories of funding (both formula and discretionary) for roadways and transit.

Currently, we are forecasting \$212 billion (2005 dollars) in baseline revenues from FY2006/07 to FY2035/36. In nominal dollars, this translates into nearly \$413 billion in revenues. The majority of funds are generated from local sources (\$147 billion or 70 percent). State funding sources make up a larger share of revenues than in the previous RTP as a result of Proposition 1B (\$41 billion or 19 percent total state funds for the region). Additionally, \$24 billion or 11 percent of total regional baseline revenues are generated from federal sources.

Please refer to the attachment for further details on the revenue model.

FISCAL IMPACT:

Work associated with this information item is included in the current year overall work program.

Reviewed by:


Division Manager

Reviewed by:


Department Director

Reviewed by:


Chief Financial Officer



Southern California Association of Governments

Transportation and Communication Committee (TCC)

Revenue Model

Los Angeles, CA
June 2007

System Metrics Group, Inc.



**For the 2007 RTP, we developed a revenue forecast model
that includes the primary funding sources in the region**

Local	State	Federal
1) Local Sales Tax Measures 2) Transportation Development Act (Local Transportation Fund) 3) Gas Excise Tax Subvention 4) Farebox Revenue 5) Highway Tolls 6) Mitigation Fees 7) Other Local (local agency funds and local miscellaneous)	1) State Transportation Improvement Program (STIP) 1a) Regional Improvement Program (RIP) 1b) Inter-Regional Improvement Program (IIP) 2) State Highway Operation and Protection Program (SHOPP) 3) State Gasoline Sales Tax (TCRP, Proposition 42, & Proposition 1A) 4) State Transit Assistance Fund (half of Public Transportation Account) 5) Hwy. Safety, Traffic, Air Quality, and Port Fund (Proposition 1B) 6) Other State	1) Congestion Mitigation Air Quality (CMAQ) 2) Regional Surface Transportation Program (RSTP) 3) FTA Formula (5307, 5310, 5311, 5309a Fixed Guideway) 4) FTA Discretionary (5309b New Starts, 5309c Bus) 5) Other Federal

For each category, we forecasted at the county level
for the period from 2004-05 to 2035-36



INITIAL (REGIONAL) ESTIMATE

Year	Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	TOTAL
2004-05	\$0.2	\$180.0	\$19.0	\$9.1	\$12.3	\$8.8	\$222
2005-06	\$0.2	\$190.7	\$19.9	\$9.5	\$12.8	\$9.1	\$242
2006-07	\$0.2	\$198.8	\$20.7	\$9.8	\$13.4	\$9.5	\$253
2007-08	\$0.2	\$207.3	\$21.6	\$10.4	\$13.9	\$9.9	\$263
2008-09	\$0.2	\$216.1	\$22.5	\$10.8	\$14.5	\$10.4	\$274
2009-10	\$0.2	\$225.2	\$23.4	\$11.2	\$15.1	\$10.8	\$286
2010-11	\$0.2	\$234.8	\$24.4	\$11.7	\$15.8	\$11.3	\$298
2011-12	\$0.2	\$244.8	\$25.5	\$12.2	\$16.5	\$11.7	\$311
2012-13	\$0.3	\$255.2	\$26.6	\$12.7	\$17.2	\$12.2	\$324
2013-14	\$0.3	\$266.0	\$27.7	\$13.3	\$17.9	\$12.8	\$338
2014-15	\$0.3	\$277.3			\$18.6	\$13.3	\$352
2015-16	\$0.3	\$289.0			\$19.4	\$13.9	\$367
2016-17	\$0.3	\$301.3			\$20.3	\$14.4	\$383
2017-18	\$0.3	\$314.1			\$21.1	\$15.1	\$399
2018-19	\$0.3	\$327.4	\$34.1	\$16.4	\$22.0	\$15.7	\$418
2019-20	\$0.3	\$341.3	\$35.5	\$17.0	\$22.9	\$16.4	\$434
2020-21	\$0.4	\$355.8	\$37.0	\$17.8	\$23.9	\$17.1	\$452
2021-22	\$0.4	\$370.9	\$38.6	\$18.5	\$24.9	\$17.8	\$471
2022-23	\$0.4	\$386.6	\$40.2	\$19.3	\$26.0	\$18.5	\$491
2023-24	\$0.4	\$403.0	\$41.9	\$20.1	\$27.1	\$19.3	\$512
2024-25	\$0.4	\$420.1	\$43.7	\$21.0	\$28.3	\$20.1	\$534
2025-26	\$0.4	\$438.0	\$45.5	\$21.9	\$29.4	\$21.0	\$556
2026-27	\$0.5	\$456.5	\$47.5	\$22.8	\$30.7	\$21.9	\$580
2027-28	\$0.5	\$475.9	\$49.5	\$23.9	\$32.0	\$22.8	\$605
2028-29	\$0.5	\$496.1	\$51.6	\$24.8	\$33.4	\$23.8	\$630
2029-30	\$0.5	\$517.2	\$53.8	\$25.8	\$34.8	\$24.8	\$657
2030-31	\$0.5	\$538.1	\$56.1	\$26.9	\$36.3	\$25.8	\$686
2031-32	\$0.6	\$559.0	\$58.5	\$28.1	\$37.8	\$26.9	\$714
2032-33	\$0.6	\$580.8	\$61.0	\$29.3	\$39.4	\$28.1	\$744
2033-34	\$0.6	\$610.7	\$63.6	\$30.5	\$41.1	\$29.3	\$776
2034-35	\$0.6	\$636.6	\$66.3	\$31.8	\$42.9	\$30.5	\$809
2035-36	\$0.7	\$663.6	\$69.1	\$33.1	\$44.6	\$31.8	\$843

EXAMPLE

We worked with the county transportation commissions
to build on their forecasts



- Started with the county forecasts as given
- Filled in data where needed
- Based assumptions on historic data
- Compared historic data to Short-Range Transit Plans and other agency documents
- Compared our forecasts to the county forecasts
- Worked with counties to modify assumptions and their forecasts as needed

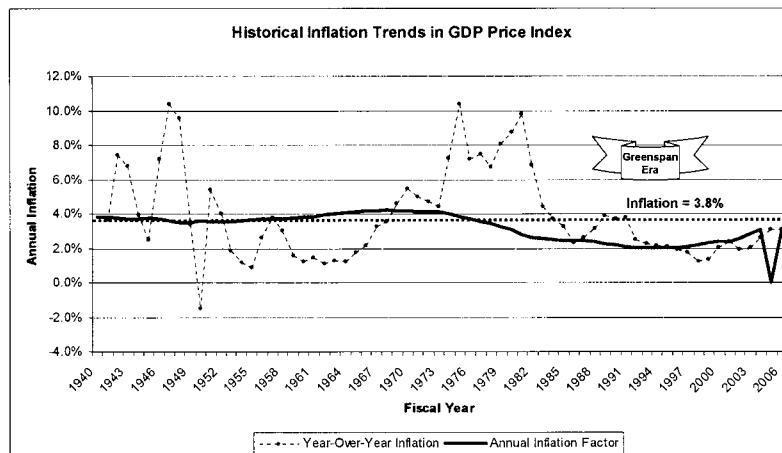
We relied on a number of sources for historical data

- State Controller's Annual Reports
 - Oil and Gas: gas tax apportionments
 - Public Utilities: transit fares, FTA funding
 - Transportation: developer fees, STA funding, interest
- Board of Equalization: retail sales tax collection, TDA and local sales tax disbursement
- Caltrans: MVSTAFF fuel forecast, CTC-adopted STIP, 4-year SHOPP program, CMAQ and RSTP apportionments
- Federal Highway Administration (FHWA): federal highway trust fund
- Office of Management and Budget (OMB): GDP deflator
- Other: TCA toll revenues, development mitigation forecasts

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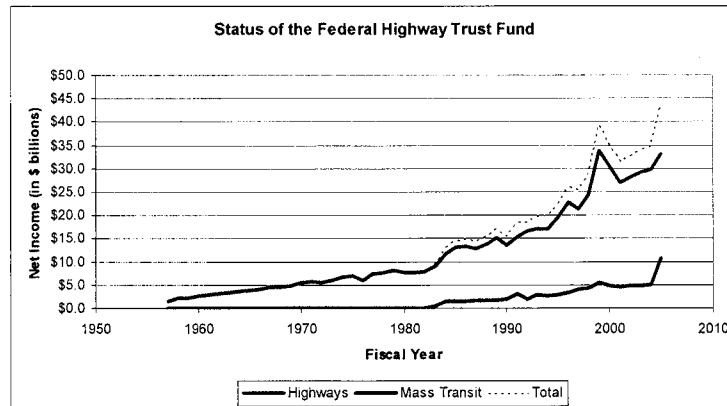
We controlled for inflation using the Gross Domestic Product (GDP) deflator



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The Federal Highway Trust Fund has grown 3.4% annually, but we assumed it is fixed in constant dollars (i.e., grows with inflation)

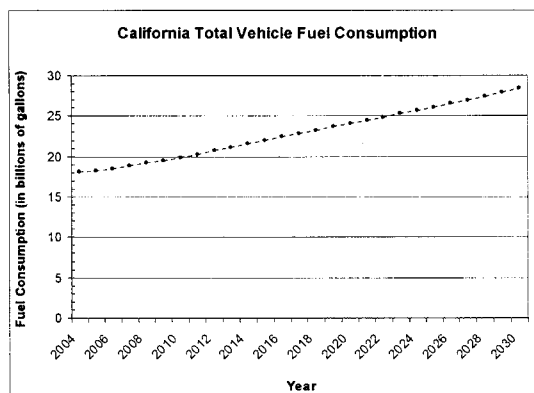


This is included in our estimate of STIP and SHOPP, CMAQ, RSTP, and FTA funding

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Caltrans estimates that California fuel consumption will grow, but we conservatively assume it does not change



Source: Caltrans, California Motor Vehicle Stock, Travel and Fuel Forecast, December 30, 2005

This is included in our estimates of Gas Sales Tax 40% to Cities and Counties, STA, Gas Tax subvention

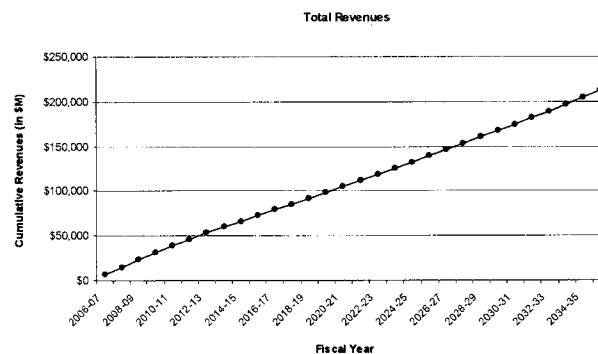
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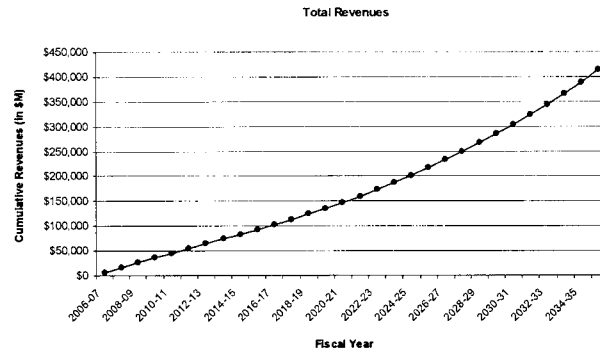
Other Key Assumptions

- Gasoline-based revenues will be kept whole, even if alternative fuels increase in use
- Retail sales grow by historic trends, unless county has a different assumption (always lower)
- Imperial County's Measure D ends in 2010
- The current four-year SHOPP program is representative of future expenditures, which will grow by fuel consumption (0%)
- Region does not meet air quality goals and CMAQ funding is halved in 2020
- Transit fares grow by county forecast (or historic regional average if not forecasted)
- Highway tolls and development mitigation revenues forecasted by local agency
- Region gets its share of Proposition 1B money
- Other, or "catch-all," categories estimated by county

We estimate \$212 billion in revenues available from 2006-07 to 2035-36 (in 2005 dollars)



**In nominal dollars, we expect to generate nearly
\$413 billion in revenues**



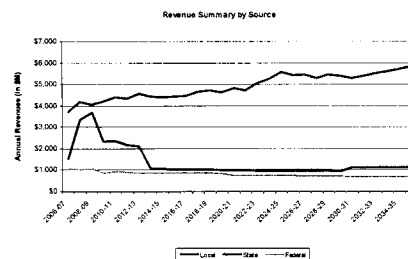
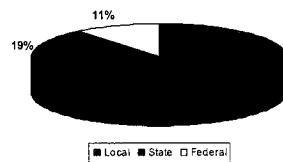
Federal guidelines indicate the RTP should be in nominal dollars

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The majority of funding comes from local sources

Note: The figures on the rest of the slides are in constant (2005) dollars

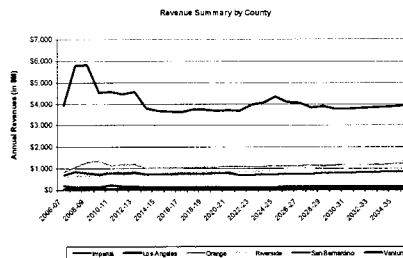
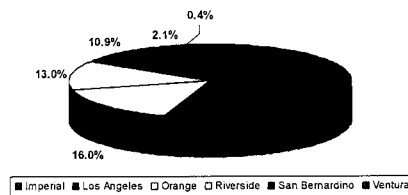


State funding is a larger share (19%) than in the last RTP (15%) as a result of the Proposition 1B funding

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Revenues by County



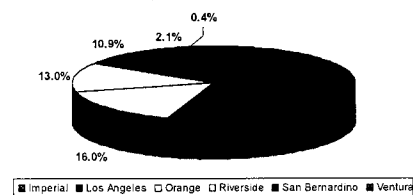
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The recent sales tax extensions have increased funding available in San Bernardino and Riverside counties

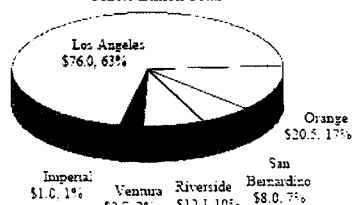
2004-05 Regional Revenue

SCAG Regional Revenues, County Shares, Billions (\$2005)
\$211.5 Billion Total



2004-05 Regional Revenue

SCAG Regional Revenues, County Shares, Billions (\$2002)
\$120.0 Billion Total

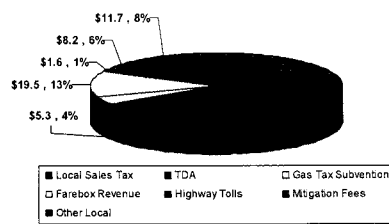


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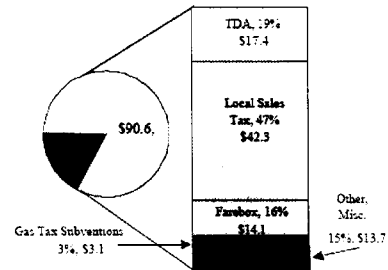
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\$147 billion in revenues are from local sources and 50 percent are from sales taxes

SCAG Regional Revenues, Local Sources, Billions (\$2005)
\$147.0 Billion Total



SCAG Regional Revenues, Local Sources, Billions

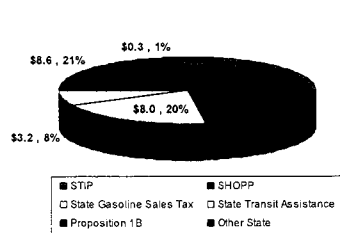


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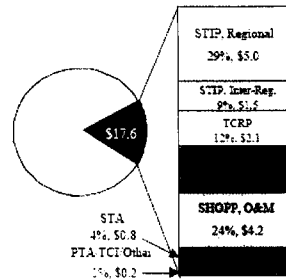
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The infrastructure bonds and state gasoline sale taxes comprise roughly 20 percent each of the \$41 billion in forecasted state revenues

SCAG Regional Revenues, State Sources, Billions (\$2005)
\$40.7 Billion Total



SCAG Regional Revenues, State Sources, Billions

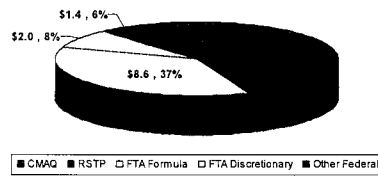


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Revenues of \$24 billion are forecasted from federal sources

SCAG Regional Revenues, Federal Sources, Billions (\$2005)



SCAG Regional Revenues, Federal Sources, Billions (\$2002)

